

Message Text

SECRET

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43

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 OMB-01 SCEM-02 TRSE-00 CIEP-02

SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SPC-03 SS-15 ACDA-19 IO-15 COME-00 INT-08 AID-20

DRC-01 /152 W

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O 111828Z OCT 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 1471

S E C R E T CARACAS 8789

E.O. 11652: GDS DECLASS. DEC. 31, 1981

TAGS: ENRG VE

SUBJECT: SPARE OIL PRODUCTION CAPACITY

REF: STATE 200926

1. THIS TELEGRAM CONTAINS DATA ON SPARE OIL PRODUCTION CAPACITY COMPILED TODAY BY SHELL OIL OF VENEZUELA FOR REPORT TO THEIR LONDON OFFICE. THE EMBASSY HAS ALSO QUERIED CREOLE SOURCE AND WILL REPORT SEPARATE TELEGRAM IF THEIR FIGURES DIFFER SIGNIFICANTLY.

2. VENEZUELA COULD INCREASE PRODUCTION OF HEAVY HIGH SULPHUR OIL BY APPROXIMATELY 100,000 B/D, OF WHICH 40,000 B/D WOULD COME FROM CREOLE, 10,000 B/D FROM SHELL, 30,000 B/D FROM MENE GRANDE (GULF) AND 20,000 B/D FROM OTHER COMPANIES. IN ADDITION, IF THE VENEZUELAN GOVERNMENT RELAXED CONSERVATION STANDARDS (E.G., GAS-OIL RATIOS) VENEZUELA COULD PRODUCE A FURTHER 50,000 B/D OF LIGHT-MEDIUM OIL, OF WHICH 30,000 B/D WOULD COME FROM CREOLE, 10,000 B/D FROM SHELL AND 10,000 B/D FROM SUN.

3. THUS, BEST ESTIMATE IS THAT A TOTAL OF 150,000 B/D

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COULD BE ADDED TO VENEZUELA'S PRODUCTION WITH REASON-

ABLE DEGREE OF COOPERATION BY MINISTRY OF MINES AND
HYDROCARBONS. WHETHER SUCH A DEGREE OF COOPERATION
WOULD BECOME AVAILABLE IS PROBLEMATICAL IN VIEW OF:
(A) VENEZUELA'S OPEC MEMBERSHIP; (B) POLITICAL RISK
THAT WOULD BE INCURRED IN WAIVING CONSERVATION STANDARDS
DURING AN ELECTION YEAR; AND (C) 1.3 BILLION BOLIVARS
REVENUE SURPLUS THAT HAS RESULTED FROM RAPIDLY RISING
OIL PRICES.
MCCLINTOCK

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NNN

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EO Systematic Review
30 JUN 2005

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